

77-1938/6  
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27 OCT 1977

Mr. Dwight Ink  
Executive Director  
Personnel Management Project  
U.S. Civil Service Commission  
1900 E Street, N.W.  
Washington, D.C. 20415

Dear Mr. Ink:

We have reviewed Option Paper Number Six, "Job Evaluation, Pay, and Benefit Systems" and are pleased to enclose comments on some of the items which are of considerable interest to this Agency.

Sincerely,

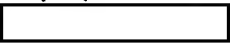
  
Acting Director of Personnel

Enclosure

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COMMENTS ON OPTION PAPER NUMBER SIX

GENERAL REFERENCE:

Part 6: Can the principle of merit pay be used to improve and reward employee performance?

SPECIFIC REFERENCE:

Within-grade advancement.

COMMENTS:

Under present Federal practices applicable to the "within-grade" advancement system, the statutory principle of "equal pay for equal work with pay distinctions maintained in keeping with work and performance distinction" is not fulfilled when the vast majority of employees are automatically given within-grade increases.

There is little incentive for employees to excel when no distinction is made between superior and acceptable performance.

The appeals procedures established for the withholding of periodic step increases for employee performance considered less than "acceptable" requires extraordinary effort on the part of the supervisor to document and defend a decision to withhold.

There should be a direct link between the performance appraisal system and the rewarding of employees with within-grade increases in salary.

Option C with sub-option c(1)(a) and c(2)(a) would appear to offer the most promise for relating performance distinction on the job to rewarding employees based upon their contributions.

GENERAL REFERENCE:

Part 7: What improvements are needed in the Job Evaluation Process?

COMMENT:

The introduction of the Factor Evaluation System (FES) has simplified some of the complexities previously encountered in the job evaluation system. These standards, once they are understood by line managers, and articulated by qualified classifiers, should improve the job evaluation process. We therefore believe that the arguments set forth for total reform of the classification and pay system should be rejected. Option A, with sub-option A(2) and A(4), calling for retention of the present system, but, concentrating on necessary systems improvements should be pursued.

OPTIONS

- A. Proceed with present job evaluation system, but concentrate on necessary systems improvements.

Suboption A(1) Increase staff resources for the production (and implementation) of classification standards.

Discussion

The number of standards produced could be increased through the accomplishment of a variety of activities, e.g., greater production of CSC-sponsored single

agency standards, contracts to consultants, increase in the CSC staff or details of agency staff to CSC, etc. This would involve long training periods to fully prepare the staff for conducting occupational studies that include development of corresponding qualification standards as well as classification standards.

Suboption A(2) Assure that job evaluation is performed by qualified classifiers.

Discussion

A large number of suggestions received by the Task Force involve the following:

- (a) Recognize job evaluation in the Federal service as a discipline. Publish complete training curriculum as a mandatory standard for classifiers.
- (b) Require certification for each level of performance for classifiers.
- (c) Provide a pool of trained classifiers to fill agency positions.
- (d) Conduct periodic seminars in major locations throughout the country; publish technical communications.

The first three suggestions would require considerable staff resources and time to implement, but could improve technical competence. The certification requirement would probably discourage flagrant misclassification, but might delay some personnel actions when there are insufficient certified classifiers. The last suggestion regarding seminars would serve to keep trained classifiers up-to-date in their field.

Suboption A(3) Restrict or remove classification authority:

Discussion

A minority of suggestions received involve taking steps such as:

- (a) Centralize classification authority for positions at GS-13 and above.

(c) Restrict classification authority to the regional level, but retain classifiers at the installation to advise and assist supervisors in writing position descriptions.

(c) Put the Personnel Officer on the Commission's payroll with accountability to the Commission.

Discussion

These methods increase classification controls, but might cause delays and interfere with personnel management at the installation level. There is no assurance that the classification actions would be performed by better qualified persons simply because they would be performed at a higher organizational level.

Suboption A(4) Improve quality of agency job evaluation programs.

Discussion

In conjunction with development of improved training for classifiers, a model job evaluation program could be developed and promulgated to agencies. Such a program could provide for a close working relationship between classifiers and operating supervisors and might include:

- (a) Development of local policies to assure that position descriptions are current and accurate and that job evaluation is performed on a timely basis, e.g., organizational and cyclic reviews, audits selected by random sampling, reports of position changes and reorganizations, application of new standards, documentation procedures;
- (b) On-going orientation and training of supervisors and employees; coordination of classification actions; management efforts and other personnel offices; advice to management on position restructuring and development of career patterns for upward mobility and maximum utilization of personnel; and evaluation of the impact of job evaluation activities in terms of cost effectiveness.

through legislation, adopt a merit increase system giving supervisors/managers broad discretion to reward employees based on their contributions. Require that implementation be contingent on the development, testing, and satisfactory validation of performance appraisal systems.

#### Discussion

This represents a major departure from present practice. It would provide the flexibility to supervisors/managers to recognize degrees of performance and to maintain pay distinctions in keeping with performance distinctions. The expenditure of salary funds would be tied to motivational value.

Implementation and operation of the system would require a substantial investment in the development of performance appraisal systems and in the training of supervisors. (The development of appraisal systems should be viewed in terms of a validation process by managers at the worksite rather than a system devised at a central level for Government-wide application.) Control mechanisms would be required to assure the system is administered properly and funds are expended prudently.

In considering this option, the two related areas of employee coverage and the nature of the system must also be considered.

#### C(1) Employee Coverage

Sub-Option C(1)(a) Adopt for all General Schedule employees.

Sub-Option C(1)(b) Adopt for professional and administrative employees.

Sub-Option C(1)(c) Adopt for supervisors and managers.

Sub-Option C(1)(d) Adopt for all employees in a stated grade and above only (e.g., all GS-14 and above).

#### Discussion

Coverage of a merit pay plan will have a direct bearing on the size of the initial investment and operational costs in terms of developmental costs and training requirements. As noted earlier, recent trends in industry are away from merit increase plans for clerical employees. This trend could be temporary or permanent, but it does tend to reflect the difficulties industry has in distinguishing between levels of performance for clerical employees.

Other categories of employees have more widely varying spans of performance because of a wider latitude for judgment and the nature of the decisions they make.

C(2). Nature of the System

Sub-Option C(2)(a). Use a pay structure with step increases based on longevity and an "acceptable level of competence" only up to the midpoint of the pay range. Reserve all additional increases as merit increases. Failure to receive a merit increase would not be subject to appeal. Time intervals for, and the amounts of, merit increases would vary based on levels of performance.

Sub-Option C(2)(b). Use a pay structure with only a maximum and minimum rate for each grade. All increases granted would be merit increases, except that general comparability increases would be granted as necessary to keep an employee at least as high as the minimum of the rate range. Employees dissatisfied with the timing or amount of increase received would have no formal appeal right--but could obtain a review with a higher level of supervision.



Acting Director of Personnel  
5 E 58 HQ

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VSCC Comm

7 OCT 1977

Executive Registry

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Acting DD/A

Attached is a proposed response  
to Option Papers Numbers Four  
and Five submitted for your  
review and authorization to  
release.

Acting DDCI

Director of Personnel  
5 E 58 HQ

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